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VOLUME THREE

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NUMBER ONE



UNITED STATES SHIPPING BOARD
WASHINGTON

January 4, 1922.

OFFICE OF THE CHAIRMAN

Messrs. Lybrand, Ross Bros. & Montgomery,
55 Liberty Street,
New York City.

Dear Sirs:

Soon after I assumed the chairmanship of the Shipping Board in June, 1921, I characterized the situation confronting the new Board as the worst accounting mess in history. Realizing that expert guidance was needed to bring order out of chaos, I called upon your firm for assistance and you courageously agreed to help. I say "courageously", because the difficulties of the task were so great that no firm inclined to weigh the risks to professional reputation would have dared to face them. Now that you have brought the work to a most satisfactory conclusion, despite the magnitude and complexities of your undertaking, I command you for having rendered what I esteem to be a great public service.

You were asked to arrange for the taking and appraising of a physical inventory and that has been done -- it is the first complete inventory the Shipping Board has had. You were asked to prepare a financial statement of the realizable assets and liabilities of the Shipping Board and Fleet Corporation and its subsidiaries as of July 1, 1921, and that has been done -- it is the first statement of its kind that has been furnished to the Board. You were asked to improve the methods of voyage accounting and auditing and you have introduced many changes that simplify procedure and fortify our control over the accounts and funds of managing agents. You were asked to help us to reduce overhead expenses and you directly assisted in effecting savings aggregating \$2,500,000. per annum.

These attainments and many others which I do not mention have been of incalculable value to the Shipping Board and you have accomplished them within a remarkably brief period and at moderate cost. This opinion of your services is not held by me alone; it is shared by all my associates. On behalf of the Board I thank you for having devoted yourselves so faithfully to the solution of our problems.

Yours very truly,

AD Lasley
Chairman.

An Engagement "Somewhere in Utah"

BY ROBERT BUCHANAN

(*New York Office*)

TOWARD the end of October one of Col. Montgomery's clients had arranged for a prominent mining geologist to value his silver and lead mining property in Utah. The writer was assigned the task of making calculations for the engineer's report which was to be submitted to the Treasury Department for the purpose of determining depletion and invested capital.

The mine is located in what is known as the Tintic District, which was named after a chief of the Ute Tribe. This district has been one of the famous silver producers since 1869. The deposits, however, are so irregular that the ordinary method of valuation prescribed by the Treasury Department, which assumes that ore can be blocked out and thus readily measured, does not apply in the case of these mines. It becomes necessary, therefore, in such cases to refer more particularly to the operating history of the mine and from the average assays over the life of the mine to determine the value of the mineral contents.

One of the most interesting features of this engagement was to see the manner in which the engineer engaged to make the valuation had prepared the most elaborate and detailed maps showing the formation of the deposits, the method of attack in getting out the ore, the plans of the various levels, the trend of the ore bodies for the purpose of calculating probable ore and the extent of the excavation work of the particular mine as compared with other mines in the district.

Some of the maps were over 20 feet long, and by means of different colors showed the various tracts and

the dates of acquirement, so as to make clear just what areas were included in the valuation at date acquired, for purpose of establishing a paid-in-surface, and at March 1, 1913, for depletion purposes, and also the tracts acquired after March 1, 1913, which were not proven territory so that if later ore should be found in that area a "discovery" value might be claimed on which to base additional depletion charges.

The engineer, Mr. Horace V. Winchell, who was formerly President of the American Institute of Mining, has been a witness in most of the important apex litigations in the West and it is also interesting to note the method of presentation used in his report for the Treasury Department so that a complete story may be told. This, no doubt, is one of the most essential features in the preparation of briefs for the Treasury Department, when it is realized that these briefs are read by men who are far from the scene of action and who must be enabled to visualize the essential facts.

Mr. Winchell tells a story in this connection of an attorney who was arguing before the Supreme Court in an important apex suit. Under the apex law in mining the owner of the claim containing the apex has the right to follow the ore beyond the vertical boundaries of his claim into his neighbor's ground. The attorney in this case spent over an hour arguing before the Supreme Court and had only some ten minutes left when one of the justices asked him what he meant by defending the right of his client to take the ore from another man's property. The justice, who came from the South, had never heard of the apex law and the entire hour's

argument had been lost because the attorney had failed at the beginning to quote the section of the law on which the whole case, of course, hinged.

Mr. Winchell, by the way, was the mining engineer mentioned in Princess Cantacuzene's (the granddaughter of Gen. Grant) articles in the *Saturday Evening Post* recently, describing the flight of her family from Petrograd, across Russia, through Siberia. Mr. Winchell was able to get these children out of Russia after most exciting experiences with the Bolsheviks.

The mining company in question has also worked out a very interesting scheme of compensation to the miners. Instead of paying day wages, as is the case in most mines, they have two forms of compensation: (1) a so-called royalty basis by which the miners are paid according to the quantity and grade of ore they mine; and (2) a method which provides that after the net returns from the smelter are ascertained the men are allowed a liberal fixed rate per day, which is deducted from the net returns, and on the balance they receive a certain percentage. Against their earnings is charged the cost of the various supplies they use in mining the ore.

Under these two methods it has been possible for some of the miners to earn occasionally as much as four times the stipulated day rate, and it actually costs the company less per ton than under the method of paying them ordinary day wages. This method of compensation accomplishes two things: it gives a lower working cost per unit and it also results in the most intensive exploration of the mineral deposit.

The engineer in charge of the valuation work was so impressed with this method and its results that he called the attention of the owners to the adjoining property which had been worked on the old-fashioned day wage basis, and ventured the prediction that

if the same method of compensation were to be applied to the adjoining property that it would prove tremendously profitable. The next day the owners of the mining company purchased the adjoining property and will put the same method into operation in that property as they use in the one they are now operating.

Another feature of this compensation plan is that at the time when nearly all of the companies were having labor difficulties this particular company was able to operate practically without friction.

After the work at Salt Lake was completed, the writer went to Portland. Some fifty miles east of Portland the Overland Limited was caught between two snow slides on the north bank of the Columbia River and, after a delay of some thirty hours, all the passengers were taken off in a freight boat and carried down the Columbia River. The trip from the train to the freight boat was down a steep bank some 200 feet high, and as there were a great many babies on this particular train it was quite amusing to see the male passengers with a child apiece sliding down the snow bank and being caught at the foot by the remainder of the passengers.

From Portland the writer went to San Francisco over the Shasta Route, and had Thanksgiving dinner with one of the officers of the Federal Reserve Bank in San Francisco. The agricultural and stock interests in the far Western States have been particularly hard hit by the slump in prices and the Federal Reserve has done a great work in supporting the banks and preventing what would have been in ordinary times a very serious financial disturbance.

Another interesting item for accountants is the method of inventorying live stock and an interpretation of the "farm-price" method of taking inventories. This is a problem which is confronting the accountants of that

section, and the writer was informed by one of the leading accountants there that they, as well as the Treasury Department, are in somewhat of a quandary as to just what the "farm-price" method means and as to how live stock should be valued. For instance, some of the largest sheep companies have carried sheep at \$3 a head for years and inventoried them at this figure, when, of course, the actual market has been at one time or another either much above or much below that figure. In addition to the value of the animal itself for food

purposes, there is, of course, the very great value attached to the wool on its back and to the lambs. Just what that is worth at any particular moment, in view of the many grades, is, it may be imagined, a very difficult problem to be determined.

It is also hoped by the accountants in the far Western States that some method will be worked out to decentralize the control in Washington so that the taxpayers who are at a great distance from Washington may be able to have their problems settled by Treasury officials, or someone else delegated with the power, closer to home.

The Name of Judd Over One Hundred Years in Business

BY D. O. PRICE

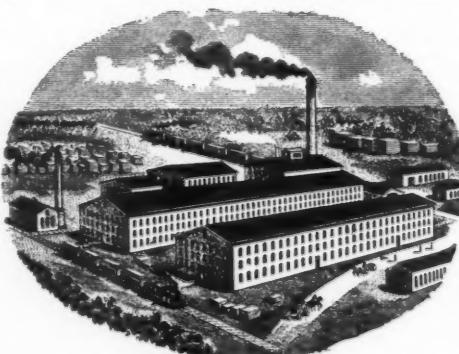
(Comptroller of H. L. Judd Company)

IN THE year of our Lord 1817 New Britain, Connecticut, was a small town, a very small town, in fact, it was but a village with its church, blacksmith shop, general merchandise store and a few scattered industrial mills and shops.

In the Spring of that year a young man named Morton Judd established a small machine-shop and foundry in the village, where he made a varied line of small utility castings; and this was the birth of a business which has ultimately grown to be a huge business, not such as the Steel Corporation or the Standard Oil, but a business whose sales now run into

the millions and whose customers number thousands; a business which employs hundreds of men and women and whose salesmen travel through every State in the Union and every Province in Canada, as well as maintaining representatives abroad who distribute its products of brass and hardware to every civilized country in the world.

In the year 1870, Morton Judd's son took over the business and at that time the name was changed to H. L. Judd. Mr. Judd then established an addition to the business of metal stamping, spinning and drawn work and in six short years this division had



CHATTANOOGA PLANT

reached such substantial proportions that he decided to build a larger and more modern factory. It was Mr. Judd's wish that his new factory should be located in one of the larger and more progressive cities of that day and with this in view, Brooklyn, N. Y., was ultimately selected, and the new factory put into operation in 1876. This plant did its part in building up and expanding the business, but its operation was destined to be short lived, for in 1884 the factory was burned to the ground and so complete was the destruction that only a few machines remained to be salvaged.

Four years prior to the Brooklyn fire, in 1880, the business was expanded still further by the acquisition of another factory in Chattanooga, Tennessee, which was devoted to wood working in various lines and has been successfully operated to the present day.

After the total loss of the Brooklyn factory in 1884, H. L. Judd and his associates decided to concentrate their metal working factories in New England, and after careful consideration, decided to make Wallingford, Connecticut, the permanent home of the major factory of the business. As soon as the plant was completed and ready for operation, all the interests at New Britain were sold out or moved to Wallingford and the wheels of the new factory commenced to turn in earnest.

The "shingle" hung out over the door of this new plant bore the name of H. L. Judd & Company, and heralded the coming of new and younger

blood in the veins of the fast growing business which was then assuming proportions too great for the personal supervision of one man.

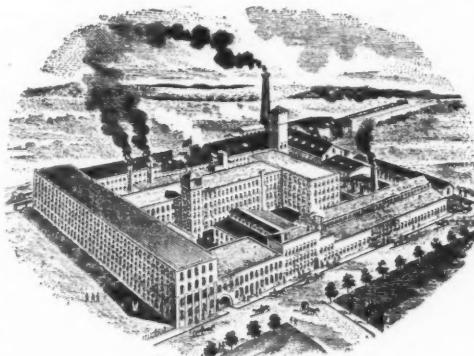
For the next sixteen years the business grew and prospered and in 1900 was incorporated under the name of H. L. Judd Company. It is under that charter that the business is being conducted at the present time.

Since its incorporation, the Company has purchased the building at 87-89 Chambers Street, New York, running through to Reade Street, which is used for warehouse purposes as well as sales and office headquarters.

The factories have grown and are still growing and all that can prevent them from a still further growth is the permanent stagnation of business in this great country of ours, which can never be.

The principal product of the Chattanooga plant is wood poles, followed by many smaller wooden articles, while the Wallingford plant produces brass rodding and tubing, a bright wire line such as screw eyes, screw hooks, cup hooks, gate hooks, etc., a large line of sundry hardware and brass goods of various kinds. During the war the Wallingford factory was converted, to a great extent, to the production of war material and large quantities of gun hardware, ship hardware, gas masks, etc., were produced.

Under the wise guidance and management of its officials the Company is firmly established and can look proudly back over the 105 years of



WALLINGFORD PLANT

its steady and healthy growth; and like the sturdy old oak on the hillside which has weathered many storms and frigid winters and is still strong and rugged, so the business, which still bears the name of Judd, has weathered many financial storms and panics, wars and business depressions, and is today strong in every fiber. Its present strength is not entirely due to its dollars in the bank, but to a great extent to the policies and fair dealings of the management which have created the good will and which keep the dollars coming.

John Day, President, who has been associated with "Judd" since 1870, William H. Edsall, Vice-President and Frederick W. Prentice, Treasurer, are all men of the "Old School." They

are men of rugged honesty and fair dealing, combined with keen judgment, and all live in quite a different business world from the Ponzi type of mathematical acrobat which seems so prevalent in many lines today. R. D. H. Vroom, Secretary, and C. P. Day, Assistant Secretary, while possessing no less of the finer qualities of their older business associates, are younger and more "modern" men—not of the "Old School." The future life of the Company depends on its policies, which emanate from the fountain heads, and as these good old men pass on new ones must rise from the ranks to take their places and "carry on" the old name of "Judd," with its traditions and policies which have survived so well for over one hundred years.

Plan of Action

We commend to the members of our organization, especially the younger members of the staff who still have their C. P. A. examinations and other tests of professional training and qualification before them, the following brief editorial on "Plan of Action" which appeared in a recent issue of *The Pace Student*:

Commitment to a course of action, whether in business or in study, is but the first of a series of steps required in successful accomplishment. The second step is the formulation of a definite, workable plan of action. Particularly, the student who engages in professional study in conjunction with daily business duties should arrange for the fullest utilization of his available time. He should carefully plan his reading, whether of newspaper, magazine, or book, in order to conserve his time and to avoid eye-strain; he should limit his social engagements, and restrict them to one or two evenings a week; he should provide, so far as is practicable, for

regular periods of study; he should arrange for a reasonable amount of exercise and recreation; in short, he should work out for himself a consistent, workable program, and then he should stick to his program until his daily habits are adjusted to the routine. When this stage is reached, overtime study becomes a genuine pleasure, as many a reader of these pages can testify.

Knocking the other man is often knocking yourself; praising him often commends yourself.

Keeping awake days picks more golden apples than keeping awake nights.

When you kill time remember there is no resurrection.

Talking gets a job but working keeps it.

Financial and Business Review

PREPARED BY E. M. BUSH

(*of the New York Office Staff*)

THE financial and business review in the New York Evening Post of December 31, 1921, contained an illuminating and comprehensive résumé of conditions during the past year both in this country and abroad, their underlying causes, and the consequent outlook for 1922. Many of this country's leading bankers, business men and economists discussed the general situation, eminent foreign observers contributed their opinions on affairs abroad, competent experts on various basic industries reviewed the happenings of the year, in respect to their particular lines. In all, more than a score of articles set forth in detail innumerable phases of a vast and intricate subject.

The consensus of opinion in regard particularly to this country's problems, is voiced by Welsey C. Mitchell, author of "Business Cycles," who holds that business is now making gradual progress in the positive phase of its cycle. It is generally understood that in the theoretical business cycle, the first sign of revival, after the ultimate depression has been reached, comes as a rally in security prices. That stage has been reached in 1921, the last months of the year witnessing substantial gains in this line. These gains were reflected in the slight recovery from the severe business depression of the latter part of 1920 and earlier part of 1921, which began last summer and has made slow headway since that time.

Encouragement is to be found in the facts that in manufacturing and commercial business liquidation seems to be approaching its end, that the loans

of Federal Reserve banks have been falling off for many months, that deposits have begun to increase, that reserve ratios are very high, and that discount rates have declined.

The outlook is not cheerful in agricultural districts with the exception of the South, where it has been brightened by the recent rise in the price of cotton. Elsewhere a vast aggregate of loans to farmers remains unliquidated. The year's agricultural crop was mortgaged before it went into the ground, and has furthermore been a disappointment both as to yield and as to prices obtained. The business revival cannot derive much support from active buying by farmers, and such support in the future is also uncertain, being dependent in large measure on the profitableness of next year's harvest. The farmer feels, with good reason, that an unjust discrepancy exists between retail prices and the prices he receives for his products. An adjustment of this discrepancy is necessary before the farmer again becomes a factor in the buying field.

A slow increase in industrial production has occurred since the worst months of last summer, probably in great part from the replacing of worn-out goods and from the depletion of stocks on hand. Even in the presence of adventitious aids, such as brisk buying by foreigners or farmers, such a movement is bound to gather headway slowly, depending on increased manufacturing leading to increased employment, and increased employment leading to increased retail purchases. This year little adventitious

aid is to be expected, except possibly from a brisk demand for construction.

Except for agricultural depression, the obstacles to revival are gradually being removed. The rapid fall of commodity prices has been checked and the trend seems to be slowly and surely upward. Any possible further recessions in commodity prices would be likely to reflect lower production costs as a result of wage reduction and lower transportation rates. They would be less rapid and more calculable, and would create nothing like the uncertainty attending the earlier declines.

A strong investment demand for bonds has developed, transactions on the stock market are gaining in volume, and necessary corporate financing is being arranged without trouble. Threatening labor difficulties are mostly adjusted on terms favorable to employers, the number of men employed is, at least, not decreasing, and construction is active. The tax bill has been passed and the emergency tariff extended for a year. Foreign exchanges are showing strength. Reports from the Disarmament Conference seem to promise a reduction of naval expenditure in the near future.

In the process of betterment, there are many necessary adjustments yet to be effected. One of these is a realignment of different classes of prices which have been thrown greatly out of line by irregular deflation. Another is the absorption or better distribution of accumulated supplies of some classes of commodities whose presence makes for price instability.

While it seems very unlikely that the tentative revival in business will relapse into a new depression, there is little to warrant hope that improvement will become rapid. Indeed, there is danger of a serious setback if commodity prices should suddenly turn upward and business men began extending their commitments incautiously. An even graver danger is that wage reductions may curtail pur-

chasing power faster than increase in employment extends it. Considering the low level of demand for agricultural goods, and the ticklish problem of wages and employment, as yet only partly solved, the wise policy is to rest content with very narrow margins of profit, to keep prices steady, and so to foster the volume of business.

From the viewpoint of Governmental finance, Secretary of the Treasury Mellon finds encouragement in this country's sound financial position and in the improvement in the banking situation. The Federal Reserve System is in a position to meet without strain the legitimate needs of agriculture, commerce and industry. The War Finance Corporation is providing a most helpful agency to meet the emergency needs of the agricultural industries.

The Treasury has made substantial progress in the refunding of the short dated debt, and has brought about a better distribution of the early maturities of this debt. About \$700,000,000 of the Victory Liberty Loan has been refunded to later maturities, Victory Notes outstanding have been reduced to about \$3,500,000,000, and the outstanding Treasury certificates to about \$2,000,000,000. Victory notes are now above par and Liberty bonds are selling about ten points higher than a year ago. Treasury certificates, last year selling at 5 3/4 and 6 pct., are now selling at 4 1/4 and 4 1/2 pct. for similar maturities. The Administration has been able to make substantial cuts in Government expenditure and to reduce taxation. The budget system having already proved effective, expenditures will apparently be about half a billion less for this year and for next year than was expected a year ago.

In analyzing the position of the Federal Reserve system, Pierre Jay, Chairman and Agent of the Federal Reserve Bank of New York, points out that the past year has clearly

proved the ability of the System to adapt itself to a reduction in credit volume. Previously only its powers of expansion had been tested.

The high point of credit expansion occurred in the late autumn of 1920, and it remained very great at the beginning of 1921. The volume of loans at that time, \$3,130,014,000, indicates a measure of the Federal Reserve System as a new agency of credit supply for emergency and seasonal requirements. From that point the fall in prices, with consequent lower loans, and the huge imports of gold, were factors which accelerated the replenishment of the credit reservoir. At the same time, owing to lower prices and decreased business activity, a smaller amount of notes was required for till and pocket money. In similar periods prior to 1914, excess of currency had only served to increase bank reserves in the larger cities, and had sometimes stimulated unhealthy extensions of credit in an effort to find use for such reserves. In this case, however, instead of building up excesses of currency, the banks sent it to Federal Reserve banks to either pay off their debts or to build up reserve balances. The Reserve banks in turn took in the gold and retired their excessive notes, raising their reserve ratio to 70.7 per cent by the end of the year. Member banks reduced their borrowings 55 pct. during the year as a result of lessened demand for credit and notes.

The stronger position of the Federal Reserve banks coincides with the betterments in the markets for commercial paper, Treasury certificates, call loans, and investment issues. Bankers as a class expect the coming year to bring further progress in liquidating "frozen" loans, making available a larger supply of money on credit. The results of further liquidation are also expected to increase the demand for securities.

Admittedly one of the most powerful brakes to recovery both here

and abroad, as pointed out by F. Schneider, Jr., Financial Editor of the New York Evening Post, is the huge dislocation of the world's business, representing not only the liquidation of a violent post-armistice speculation, but also the inflation of four years of world war. Europe's economic loss, to cite one instance, was enormous, and the purchasing power there destroyed cannot be restored in a day.

Conditions abroad are uniform only in the hope of all nations for progress toward recovery during the next year. A few countries, such as France, Belgium, and Italy, have been well on the way to recovery for several months; a few like Germany, Austria and Russia are so near national bankruptcy that conditions seemingly can grow no worse; while the majority are among those who have just passed the turning point from depression. Cheer for all lies in the continuing favorable trend toward the dying out of Bolshevism, which has had a very disturbing effect on labor, the coöperation of nations for the institution of financial reforms through international conferences, and the participation of the United States in foreign financial affairs.

Although such puzzling questions as the German reparations, a stable basis for impoverished countries, and the interallied debts, seem to dominate the European situation, it is significant that the principal exchanges recorded substantial gains for the year. Conditions on the Continent have really improved materially since the Armistice. Actual warfare is dying out. Time has steadied and strengthened and rationalized Europe socially and politically, until she is now ripe for financial reforms. Much more time will be required to put in force necessary budgetary and currency reforms, but the important thing is that the will to solve the pressing financial and economic problems is at hand.

Any resumption in German pur-

chasing of raw materials must of necessity come about very slowly and gradually. Even then it will develop puzzling commercial problems. Considering the Allies' evident intention of allowing a breathing spell in reparations, the German situation is far from hopeless.

The likelihood of European economic conference as a sequel to the Supreme Council meeting at Cannes is a long step forward. Similar to the case of the Conference for Limitation of Armaments, the immediate effects will probably be limited. However, it is the most feasible way of attacking a tremendously difficult but not unsolvable problem.

Arthur W. Kiddy, financial editor of the London Evening Post, gives Great Britain's view of the past year as having been a most trying one, but one of real progress toward later improvement. Trade depression, however, was even more pronounced than at the beginning of the year, the coal strike of last spring having brought about the final demoralization.

The value of 387 representative stocks shows a net appreciation of £12,000,000, despite a decline of £60,000,000 in American securities. This appreciation came entirely in the closing months of the year. Belief that this rise will continue into the new year is based on expectation of a continuance of the depressed state of trade, with consequent easy money.

Mr. Kiddy takes occasion to remind the United States of the inextricable linking of our affairs with those of Europe, and expresses the hope that some scheme will be concluded for funding the British debt to the United States, also a long deferred payment scheme for other debts to the United States.

By standing aloof our banking reserves will grow stronger although our trade will be quieter. Our wisest policy, however, would be discreet investment of our surplus in foreign

loans, with enormous expansion of our trade resulting, and ultimately greater strength in reserve control over foreign exchanges.

Mr. Kiddy interjects a note of caution in observation of the forthcoming economic conference which, in his opinion, may achieve worthy results, or may be merely a stimulus to joint British and German companies promoting enterprises in Russia and elsewhere.

Recovery has been partially delayed by economic prostration in the Far East and in South America. In the Orient, China's finances in particular present a complicated problem, the slump in her foreign trade and her internal political troubles having brought the government near bankruptcy. A moderate improvement occurred in the Far East during the latter half of the year. The Indian monsoon was favorable and the price of foreign silver advanced from a low of 52½ cents per ounce to a high of 73½ on October 17. These gains were not fully maintained, but did help to better the position. A similar situation exists in respect to South America. Further irregular gains in these countries are probable during the coming year.

The Latin American field is one where trade is now on a firm basis. Fortunately for the United States, our supremacy there is not threatened by the recovery of European competitors. Before the war we were rapidly outdistancing foreign competition in these countries, and now we are resuming our former status.

Our exports to this region are becoming of increasing relative importance. Although the money value of our exports to Latin America in 1921 was almost one-half less than in 1920, it was really of greater volume. In fact, the fall in prices acted as a stimulus to greater trade activity between these countries and the United States.

All lines of business and industry have participated in the process of liquidation and readjustment, the difference lying in the degree of progress toward recovery. Although business has been much below normal it is still in sound condition and is in the beginning of a healthy improvement.

In Eastern industrial centers, liquidation is almost at an end. New England manufacturers in particular have drastically reduced their inventories, kept their plants running, and maintained their organizations, enjoying a fairly active year and making a small profit in spite of a light demand for their products.

In the Northwest and Middle West price recessions have been too rapid to permit orderly liquidation, and a large volume of "frozen credits" still remains. Low prices for farm products, high freight rates, and tight money still handicap the farmers in the Middle West, who seemingly will barely be able to carry on until the next harvest.

On the Pacific coast a rising export demand has worked great reductions in surplus stocks of agricultural products during the last months of the year. Mining and building operations are growing in the West.

In Western grain markets, the movement became heavy toward the close of 1921. Price declines have been extensive. The large surplus of grain in other countries make large price increases here seem improbable.

As a vital factor in production, the position of labor during the year is of interest. War time wages have slowly disappeared as wage scales have been reduced varyingly in different industries. Living costs have been lowered as wages went downward, and in August, 1921, had reached a reduction of 40 per cent. Unemployment has kept step with wage reduction, the low point having been reached in July, there being 30 per cent unemployed as an average in all industries. Work-

men's hours have been lengthened in numerous cases. Labor has generally become more efficient through fear of unemployment.

In labor's struggles against wage cutting, such controversies as the West Virginia strike, the garment workers' strike in New York, and the threatened railroad strike have arisen. In spite of labor's opposition, the open shop has made aggressive movement during the year.

The following comments on various key industries, which have been abstracted in the following paragraphs, are of concrete interest:

Packers: The packing industry, which is now on a normal basis, has passed a trying two-year period. Values of packers' products, both wholesale meat and by-products have constantly fallen. Large inventory losses were therefore inevitable. Export trade in beef has suffered from South American competition, but pork exports have increased slightly.

The industry has been righted through wage cuts, increased labor efficiency and lowered supply costs. These wage cuts were instituted with the consent of the plant assemblies, composed half of management representatives and half of employee's representatives.

Sugar: The Cuban Sugar Commission, appointed to control the marketing of the 1920-21 crop, still has the greater part of it on hand, the current demand in this country having been satisfied by our domestic crops and those of our island possessions. The 1921-22 crop, over which the Commission has no control, is already on the market. These circumstances are responsible for the latest weaknesses in sugar prices. On the basis of present prices the planter receives less than production costs for his sugar.

The sugar industry is, then, necessarily near the end of its prolonged deflation. Next year's crop will be much smaller, while demand will increase on account of depletion of sugar stocks in this country.

Groceries: At the beginning of 1921 the wholesale grocery business was burdened with heavy inventories bought at high prices, and with war expense accounts and methods. Added to the problem was that of reduced business. Under subnormal activity both wholesalers and retailers reduced their inventories to a hand-to-mouth basis and cut

down expenses. The volume of trade has lately improved. Prices are stabilized to some extent and show signs of stiffening; costs of operation have been cut down to an encouraging extent.

Cotton: Early in the year, cotton growers held the surplus from the large crop of 1920, hoping for 40 cents or more per pound. Forced selling in May and June naturally resulted, bringing prices down to 8 cents. At that time reports of damage by drought and boll weevil to the 1921 crop together with an erroneously low Government crop estimate, turned the market upward and saved the growers from ruin. Increased export demand and growing domestic mill consumption during the last half year promise to leave only a comfortable surplus of 2,000,000 bales for 1922. Increased acreage with fair prices are in prospect for next year.

Textiles: Among textiles, the woolen and worsted industries improved gradually through the year, while the cotton goods business fluctuated the cotton market. Stocks are low and fair buying is predicted.

Shoes: The shoe and leather industries have gotten down to bed rock in 1921. Exports are already increasing and a greater consumption of leather for shoes, harness and automobile upholstery is indicated for 1922.

Coal: Householder's needs have kept up the demand and high wages the price of anthracite coal in 1921. In contrast, industrial depression has lowered the demand for bituminous, the steam coal of commerce, production of which was far short of the average. Stocks of coal, both hard and soft, are ample for all immediate needs. Apparently every basic industry is supplied. Lower prices are promised for 1922.

Oil: Domestic production of petroleum held up throughout the year just closed, being bolstered up late in the year by the development of a large pool at Mexia, Texas. This, added to a flood of Mexican oil on our markets, sent prices very low, breaking in January and hitting bottom in September. Although production is adequate at present, experts believe that the supply will soon fall behind the country's increasing requirements and lead to a sellers market.

Steel: The steel industry suffered a year of under-consumption. The capacity of steel

mills now is 50 per cent greater than in 1914, while the year's output was less than in 1906 and amounted to only 38 per cent of the possible production. Demand for steel in 1921 was in relation to the volume of construction rather than to general commercial activity. The demand for tubular goods, sheets, wire products and tin plates was better than the demand for shapes, plates, bars and rails, showing that common every-day activities were fairly well maintained although there was little large construction work. Prices were relatively low all year, competition keeping them down even when demand increased.

Building: has progressed from nearly a standstill at the beginning of the year to a strong position at the end. Production of the chief building materials, lumber, brick, cement and steel, is ample for any needed construction, and is increasing. Industrial building has been slow during the year, but home building has increased. There is still, however, a shortage of a million homes.

Metals: Among non-ferrous metal producers, the past war depression culminated in 1921. Prices of lead, silver, copper and zinc touched bottom successively at various times. Curtailment of production and a greater demand for metal has brought about an upward tendency in the past few months. No great increase in production can be expected soon, however, because prices have not yet reached a point where sufficient profit can be made to warrant a general resumption of activity. Wages, machinery, fuel and freight rates are still high and are falling but slowly. Either prices must go up or production costs come down to allow increased production.

"It Can Be Done"

ONE of the best illustrations of the phrase "It can be done" was shown at the recent exposition of chemical industries in New York in the form of a beautiful silk purse made from sow's ears. It has been a favorite expression of many people that "you can't make a silk purse out of a sow's ear." Arthur D. Little, of Cambridge, Mass., chemically treated the glue extracted from sow's ears so that it would act like the viscous liquid used by the silkworm, and with that made the beautiful silk purse that was the center of attention.

The L. R. B. & M. Journal

Published by Lybrand, Ross Bros. and Montgomery, for free distribution to members and employees of the firm.

The purpose of this journal is to communicate to every member of the staff and office plans and accomplishments of the firm; to provide a medium for the exchange of suggestions and ideas for improvement; to encourage and maintain a proper spirit of co-operation and interest and to help in the solution of common problems.

PARTNERS

WILLIAM M. LYBRAND	New York
T. EDWARD ROSS	Philadelphia
ADAM A. ROSS	Philadelphia
ROBERT H. MONTGOMERY	New York
JOSEPH M. PUGH	Philadelphia
WALTER A. STAUB	New York
H. H. DUMBRILLE	New York
JOHN HOOD, JR.	Philadelphia
WALTER S. GEE	New York
T. B. G. HENDERSON	Chicago
HOMER N. SWEET	Boston
G. ROSCOE KEAST	Pittsburgh

OFFICES

NEW YORK	55 Liberty Street
PHILADELPHIA	Morris Building
CHICAGO	Harris Trust Bldg.
BOSTON	261 Franklin Street
PITTSBURGH	Union Bank Bldg.
DETROIT	Book Bldg.
WASHINGTON	Union Trust Bldg.
SEATTLE	L. C. Smith Bldg.

New York Office to Move

The news columns of the *New York Times* and the *New York Herald* made mention on January 12 that Lybrand, Ross Bros. & Montgomery had leased the fourteenth floor of 110 William Street, New York, for a term of years. With the usual largeness of heart characteristic of the newspaper

reporter, we were referred to as "one of the largest firms of accountants and auditors in the world." Inasmuch as we have no available statistics giving the size of staff, square feet of office space, number of clients, etc., of each accounting firm in our own country, let alone those in other countries, we are not prepared to say how accurate the reporter's statement was!

Our New York offices have been located at 55 Liberty Street since 1911 and it will seem strange to give up that familiar address. It has been evident for some time, however, that a change in New York office conditions would be desirable. Several years ago the growth of our organization in New York made it necessary for us to secure additional office space. As we already occupied a full floor, it was necessary to take the additional space on another floor.

To have our New York office spread over two floors has been proven to be inconvenient in various ways and it has been felt for some time that it would be desirable again to have all our offices on one floor. The search for the combination of (a) a suitable location; (b) a high-class building with (c) a floor of the right size, neither too large nor too small, to accommodate all our New York office and having (d) good light, also (e) available for early occupancy—as well as suitable in various other respects—extended over some months. It is expected that the new quarters will be still better than the best that we have yet had. It is hoped, too, that with our entire organization again on one floor and with our quarters laid out in the best possible manner—to which most careful thought has been given—our New York office will function more efficiently than ever before. May 1922 bring enough work to us to make us feel that the new offices are none too large!

A New Partner

At January 1, 1922, it was our pleasure to announce the admission of Mr. George Roscoe Keast to membership in the firm of Lybrand, Ross Bros. & Montgomery. The following letter, written us by Mr. J. J. Desmond, President of the J. W. & A. P. Howard Company, a client of long standing, upon receiving the announcement is, we venture to believe, typical of the feeling of those of our clients with whom Mr. Keast has come in personal contact in the past:

We have a notice this morning that Mr. G. R. Keast has been admitted to membership in your firm. I have written Mr. Keast congratulating him and at the same time I want to compliment you on the wisdom and foresight in selecting a man of Mr. Keast's ability for a partner in your organization. From my observation, the selection is a wise one and indicates continued application of the wisdom which has governed such selections heretofore.

Mr. Keast has in truth "worked his way up from the ranks." He entered our Philadelphia office March 1, 1910, as a junior assistant and by his ability, intelligence and industry made himself a valuable member of the staff at that office. In due time he successfully passed the Pennsylvania C.P.A. examination.

In March, 1917, Mr. Keast went to Pittsburgh to take charge of our office in that city. Under his management the office has enjoyed a steady growth and has gained a number of valued clients for the firm.

Mr. Keast's admission to membership in our firm is a recognition of his ability as an accountant, his continued devotion through many years to the firm's interests and his achievements as a manager of one of our offices. He will continue in direct charge of our Pittsburgh office.

An Outstanding Engagement

For years to come, no doubt, the work we have done for the United States Shipping Board during the past

year, and which is now about completed, will be referred to as the biggest corporate engagement our firm has ever handled. And rightly so, for the Emergency Fleet Corporation of the United States Shipping Board is, the writer understands, the largest corporation in the world. The largest corporation in the United States is in size of investment not much more than half as large as the Emergency Fleet Corporation.

The engagement was one of the most difficult ever undertaken and in some respects an unusual one. The difficulties of the task were sufficient to deter the most experienced accountant from undertaking it, particularly if he was "inclined to weigh the risk to professional reputation" of a failure to bring the work to a satisfactory conclusion, even though the failure were due to causes beyond his control.

The engagement was under the personal direction of Colonel Montgomery and Mr. Sweet, who devoted approximately five months' time almost uninterruptedly to the work, living in Washington during that time. Their corps of assistants was an "all star" aggregation, consisting almost entirely of senior accountants. So far as feasible, the Shipping Board's own organization was used in straightening out what Chairman Lasker has called "the worst accounting mess in history" and the use of our own assistants was minimized.

Now that the work is practically completed, we forget the feeling of trepidation with which we undertook the work—as its difficulties were only too apparent—and look back with keen satisfaction to the task performed. Especially gratifying is the letter of warm commendation from Mr. A. D. Lasker, Chairman of the Shipping Board, which, with his approval, we have reproduced on the first page of this issue of the JOURNAL.

OFFICE NOTES

BOSTON

Can it be that accountants sooner or later acquire the absent-mindedness which is universally associated with the proverbial professor? Mr. Sanborn went out to lunch in a snow storm and couldn't find his way back. He lost himself amid the mazes of beets and squashes in the market district. Even worse than this was the case of Mr. Chaplin who went out to lunch, did a few errands, came back to the client's office and as he entered the door, he stopped dumbfounded, hat in hand, and exclaimed, "Gee Whiz! I forgot to eat."

KNOW ALL MEN BY THESE PRESENTS: Whispered rumors have reached the ear of the Boston correspondent of the JOURNAL that since his induction into that exalted position he has failed in his news notes to mention the young lady members of the staff. Far be it from him not to realize what an essential adjunct they are to this efficient force. Silence in these columns with respect to the amiable young ladies is due entirely to the fact that your correspondent is a confirmed bachelor, noted for his obsessions as a misogynist. Henceforth, he will keep his ear close to the ground and put into print all the nice things he hears about them.

We had a "morale meeting"! Not that we needed it, goodness knows, for when it comes to *esprit de corps* this office is "there," but our annual staff luncheon always makes us more enthusiastic for that interesting directory of "Who's Who," known as "L. R. B. & M.!"

It all happened at the Exchange Club Saturday afternoon, January 7. Amazed at the visible manifestation of our rapid numerical growth, we crowded into the banquet hall, a noisy,

smiling, hand-shaking bunch. For the first time in our history, the young ladies of the staff feasted with us and we lords decided it was well.

Mr. Lybrand was there in many ways. Introduced to us by the Boston founder, Mr. Keller, he told in a genial and vivid way his own history, weaving it in with that of the firm. It was even better than the stories thereof in the JOURNAL, as his living presence gave an added significance.

Your able correspondent longed for a phonograph that Mr. Lybrand's words might be transcribed verbatim for the benefit of JOURNAL readers. He reminded us that the firm's reputation was based upon service to the client and that this service was first, honest, and second, intelligent. He cited a number of instances where intelligent observation over and above the obvious duties of an audit had redounded to the benefit of the client and to the credit to the firm. When he finished, we all had a feeling of satisfaction that we were part of the L. R. B. & M. organization.

Then came our own Mr. Sweet in an after lunch speech, brief, meaty and pointed. Drawing upon his Washington experiences for simile, parable, example and inspiration, he spoke upon the qualifications that accountants should endeavor to develop. He extolled the value to an executive of being placed in a subordinate position for a time, as he was at Washington. He emphasized the necessity for acquiring not only the client's point of view but a knowledge of mental habits and slants of the supervisor or partner in charge of the engagement. As an instance, he mentioned Mr. Keller's habit of destroying correspondence to save filing space! (It seems he has a mortal antipathy to the "File it" microbe.)

Mr. Sweet sketched amusingly the

personalities of the partners and then concluded with an appeal to the staff to develop its peculiarities and individualities and by no means to submerge its own personalities. In this way, the organization would continue to be a well-balanced, efficient force, full of initiative and energy.

COMMENDATIONS

Your letter of May 18 with reference to Mr. _____'s 1918 income tax was duly received. I am glad that your contention was sustained, and congratulate you upon the way in which you handled this matter. (Matter handled by Mr. Wakefield).

The Boston office recently received a rather large commission for audit and tax investigation work following a small preliminary engagement on another matter. As being of possible significance, we quote from a statement of one of the responsible officers of the client:

I am very much taken with the way you people put things in writing, both in confirming agreements reached verbally and in submitting new proposals or answers to our questions. Most people come in here and seem to think that I have a memory that can stretch indefinitely. Having things in writing is a big help.

DETROIT

Our pens are not flowing as freely as usual—stress of business during the past month taking up most of our time.

For the benefit of those who did not have the time, or the inclination, to work out last month's problem, the answer is 13.

We hope that Mr. Aughe enjoyed his vacation at Dayton, Ohio—the "old home town."

Monahan returned from his trip to Toronto wreathed in smiles, so we presume he spent a Merry Christmas there.

Heaslip has always been noted for being the early bird. His early rising habits were not, however, appreciated by the occupants of several Pullman cars who chased him out while paging members of the Chicago staff.

Some of the married men on our staff are real optimists. When sympathized with in regard to being delayed on an out-of-town assignment they replied, "See the coal and ashes we don't have to handle."

The dormitory plan does not seem to be the most popular one—it being hard to keep one-half of a room warm and the other half cold.

Our men in Grand Rapids tell us that, because of the furniture dealers' convention there, they expect to be tagged as they leave the city and shipped as different pieces of furniture. We do not intimate, however, that the tags would be marked "wooden pieces."

CHICAGO

Mr. H. F. Reynolds has returned from the East where he has been engaged on the Shipping Board work.

Mr. C. H. Hawley resigned before the Christmas holidays to take the position of Assistant to the President of the Oscar Heineman Company. This concern is one of the largest silk throwing concerns west of the Atlantic seaboard. Mr. Hawley was in the Chemical Warfare Division of the army until the fall of 1919 when he came on the staff at Chicago. Mr. Hawley made many friends while with L. R. B. & M. and we wish him every success in his new position.

Miss Dowd, the latest feminine addition to our staff, has been wearing a magnificent diamond ring since Christmas. It weighs as much as "two carrots." Let the wedding bells ring out.

Since the last issue of the JOURNAL the following men have been added to those who rejoice when the "ghost walks" at Chicago: Messrs. P. T. Ewan, P. R. Pennington and M. B. Whitlock.

On a recent out-of-town engagement it was the pleasure of several of our Chicago men to meet two members of the Philadelphia office and several of the boys from Detroit. Sheldon carried the expense money for the Detroit bunch and they seemed a little low for lack of sufficient nourishment. They are a fine bunch, however, and with proper feeding should soon recover their usual vigor.

We have been very much alarmed about Judge Ford recently. The Judge would be working quietly at his desk when suddenly he would start a dull muttering, his eyes rolling and his hands stabbing the air with wild gestures. We thought the poor fellow had lost his reason until some one discovered that he was engaged to give a number of talks on taxes before various Chambers of Commerce and he was only doing a little practice spellbinding.

Bill Merkle, our bridegroom, reports his last salary cheque lost. Miss Casey has stopped payment, but if found please return to the Editor. It's too bad that such things should start so soon.

Mr. H. L. Miller was at home recently for several days with a mysterious malady of the nasal protuberance. He called it boils. The nose swelled to about the size of one of Swift's Premium Hams and the coloring was marvelous. On the right posterior side it resembled a fried storage egg, and it merged into a sunrise off the Cape of Good Hope on the left anterior. Our artist made a sketch in its declining stages. It might have been boils.

A striking tribute was overheard in the office the other day on Miss Casey's recent admirable article on her trip to the great far west. This reader said:

"It is magnificent! Such feeling! Such description! I have always wanted to take that trip, but this surpasses the real thing. I took my ash can and placed it among the dead butterbean vines in my garden. On the ashcan I sat and read the article. While the sky was leaden overhead soon a brilliant sunshine burst upon me. A hot wind from the desert fanned my face. The perfume of the pine trees was borne to my nostrils. I could see the majestic snow-clad mountain peaks in the distance and could hear the tumultuous dashing of waters in the canyons far below.

"Ever and anon would come a redolent breath from the orange blossoms of California mingled with the cactus blooms of the deserts of Arizona. I could hear the wild mountain lion calling to his mate and could see the mountain goats jumping from jag to jag.

"The beauty, the vastness and the solemnity of nature's handiwork so affected my reason that I fell from the can, striking my head a terrific blow against a pile of empty bottles. It had started to rain."

In this connection we are to be treated in the near future with a delightful little article entitled, "Impressions of Broadway by a Prominent Chicago Clubman," by Mr. L. C. Larson.

We believe we have found a second Mark Twain in our new editor, Mr. Henry C. Power.

CHICAGO

The Illinois Manufacturers' Association is one of the most influential organizations of its kind in the United States. In fact, it claims to be the leader, and it points with pride to

the U. S. Chamber of Commerce as one of its lusty children.

Its annual meeting was held in Chicago on December 13, 1921, and Mr. Lybrand, as President of the National Association of Cost Accountants, was invited to be one of the speakers. He spoke at the afternoon session to an audience of several hundred manufacturers, on the subject "How Can Cost Accounting Best Aid the Manufacturer." The address will be published in pamphlet form and distributed to the members of the Association.

The banquet in the fine room of the Congress Hotel was a splendid affair. About five hundred members and guests were present. Not the least entertaining feature of the occasion was a sincere, homely, heart-to-heart talk by Frank Bacon, that incomparable interpreter of the part of the eccentric but lovable old man in the play of "Lightnin'."

Mr. Lybrand and Mr. Henderson, who were honored with seats at the speakers' table, both say that they do not wonder at the success, for it is well deserved, of the Manufacturers' Association of Illinois.

NEW YORK

Colonel Montgomery has been in much demand for talks on the new revenue act. On Monday, January 9th, he addressed the New York State Society of Certified Public Accountants, the meeting being unusually well attended. On Saturday, January 14th, he addressed a crowded house at the Accountants' Post of the American Legion. For the week beginning January 16th he has engagements to address commercial bodies in Chicago and Detroit. The pressure of work on the forthcoming 1922 edition of *Income Tax Procedure* has prevented him from accepting others of the numerous invitations to address other organizations on the new tax law.

The January issue of *Administrat-*

tion contained an article by Colonel Montgomery entitled "The New Income Tax Law."

Stenographers are going down.

Or at least they were during the last snow storm. Owing to the slippery state of the sidewalks, Miss Stiglitz is still laid up with a badly strained arm; Miss Allen did not fall because she got the "grippe"; Mr. Tipping also injured his arm. Miss Mitchell hit the sidewalk but without injury. Miss White, the most unfortunate one, fell into a large water hole on Broadway near Pine Street and was rescued with difficulty from a watery grave. Miss White was quite badly hurt and was laid up for some days.

The members of the report departments at our various offices will be interested in the typewriting speed records made at the Business Show held in New York a short time ago. The winner of the speed contest wrote an average of 136 words a minute. The youngest contestant—a miss of eighteen summers—finished third, with a speed of 132 words a minute.

The winner of the contest for amateurs—stenographers who have not yet held positions—wrote 127 words a minute. In the contest for novices—those who have been using typewriters less than a year—the winner turned out 99 words a minute.

Faithful Unto Death

A man visiting a certain town in the United States observed a large funeral procession and noticed that all the pall bearers were prominent figures. He asked a bystander if the deceased was a financial man. He was informed that he was not. He then asked how prominent he was and was told that he was merely a merchant of the town. He thereupon inquired the cause of the prominence of the pall bearers and the answer was

that the financiers had concluded that as they had carried him all through life they had better finish the job.

At various times, the speed with which calculations are made by such mechanical devices as the Comptometer, Monroe calculating machine, *et al.*, has been a source of wonder to us; we have also marveled at the manner in which mathematics has been made simple by the slide rule; but never, in our humble opinion, have we seen a better demonstration of a lightning calculator than when, at a recent date, we asked a certain member of the firm an intricate problem (intricate to our mind), just as the said member was "beating it" for the 6.15 train out of Hoboken.

H. E. B.

That one's efforts occasionally meet with recognition and appreciation is indicated by the following letter which Mr. Bacas recently received:

I wish to take this opportunity of thanking you for the sound advice you gave me while a student of your auditing class last term at New York University.

Your suggestion that we take the C. P. A. examination while still accustomed to taking exams proved to be the right thing. Originally intending to take the exam a year hence, I followed your advice and took it in June immediately after graduation. I just received notice that I passed all the C. P. A. examinations on my first attempt.

Your coaching previous to the regular class sessions proved very beneficial, as I never forgot your instructions to read the questions over until the meaning was perfectly clear. And your old war cry to "be specific" was also carefully observed.

I thank you for your kind advice and assistance.

COMMENDATION

Extract from a letter from a client after completion of a large engagement in charge of Mr. Bell:

We thank you very much for the prompt manner in which you have audited our books this year and prepared our reports, and are very glad to note that you have found everything in good shape.

In the January, 1922, issue of *The*

American Appraisal News appears a description of The American Appraisal Company's library. We note with interest that Colonel Montgomery's work on Tax Procedure is mentioned first among the numerous books and publications dealing with the subject of taxation, which are included in the company's library.

ARE WE DOWN-HEARTED?

For the benefit of the younger members of the profession who sometimes find the way weary and irksome, the following episode is related as having occurred during the past month in connection with some accounting problems which were being thrashed out over a period extending as far back as 1900.

It took place in the City of Buffalo the day after the great gale which did so much damage to the city and to shipping in the harbor. Some of the damage was the destruction of power lines which placed some districts in darkness for two or three days or until such time as the trouble could be located and the repairs made. Our representative was in one of these districts and around him on the floor, on the desks, on chairs and on tables were somewhat over twenty ledgers, journals, voucher records, etc., all of which had to be referred to at some time or another in order to trace the history of some item in the accounts.

When night came, he estimated that he had with him a supply of candles sufficient to his needs; placed at different vantage points in the room and stuck in any receptacle available, and with a candle in his left hand he turned over the leaves of the different books and made the necessary entries on his papers. But alas! the supply of candles ran short and the proprietor of the near-by grocery store refused to sell any more, it being after hours, until after he had communicated with "the boss." After much delay the sale was consummated and

the work completed. Truly this was working under difficulties, but it only goes to show that "where there's a will there's a way." So don't get down-hearted, young men, there is always something like this lurking around the corner to put spice into even the life of an accountant.

R. G. J. O.

Overheard in the Tax Dept.

One "taxpert" to another (after a heated, but incomprehensible argument): "I think you are incometaxly myopic."

They were separated with difficulty.

PHILADELPHIA

As Mr. Keast said in the last issue of the JOURNAL, in connection with the Regional Convention of the American Institute in Pittsburgh, we can also say, "At last something has happened in Philadelphia." Not that nothing has ever happened before, but there has been such a weary wait that we are apt to magnify the importance of the occasion when ground was broken for the Delaware River Bridge. The Governors of Pennsylvania and New Jersey and the Mayors of Philadelphia and Camden, with other dignitaries, were present on Friday, 6th January, when the ceremonies were held. Ground was broken, salutes fired, airplanes flew, a joint parade was held, and the celebration was a complete success.

Fifteen years ago the real estate dealers in local New Jersey spoke of the appreciation in real estate values certain to occur in the near future upon completion of the bridge. Credulous purchasers are still holding out for the appreciation in order to sell, but now that the period of time is reduced to a practical certainty (?) of five years, our hopes have received a new lease of life, and those of us who are still in the prime of life, are looking forward to cross the Delaware afoot.

Perhaps the bridge will prove to have been well worth the wait, for the specifications call for the greatest suspension bridge in the world. The dimensions will surpass anything ever erected and certain points in the construction will be used here for the first time.

Philadelphia is proverbially slow (of this we are assured by certain New Yorkers), but when we finally decide to do anything we eclipse them all.

On the Friday before Christmas, while Mr. Zipf was making his purchases preparatory to visiting the family in Johnstown, he received a wire stating that a Christmas present, a daughter this time, had just been received.

Early in February Mr. T. Edward Ross expects to take a short trip to Florida. During his sojourn at Ormond, a Golf Tournament is scheduled and we expect him to have a championship cup on his return.

During the Christmas holidays, Mr. Stockton, a former colleague, later with the Federal Reserve Bank and now Cashier of the American State Bank of Pittsburgh, visited the office. While here he recounted his experience on the evening he visited Mr. Keast. The weather was fair as he drove out to make his call, but by the time he was ready to return, a sleet storm had made the going dangerous, if not impossible. After trying ineffectually for some time to make a get away from the Keast residence without chains, Mr. Keast furnished and helped to install ropes on the wheels of the machine, and Mr. Stockton succeeded in making the trip home.

Query: Is the Pittsburgh office carrying the rope as a deferred charge against any work to be done for Stockton?

Mr. Long, one of our banking specialists, seems to be acquiring the status of an employee of the firm at large, rather than of this office in particular. Last year he participated in two bank audits for the New York office and conducted one for Boston. He is now engaged on two in Michigan for the Detroit office.

The State Board to Examine Expert Accountants has reported that Messrs. Dennis, Haas, Smith and Procasco of this office, and Messrs. Bennett and Mohler of the Pittsburgh Office, having successfully passed the necessary examinations in accounting and law, have been recommended to the Governor for certification as expert accountants. We extend our congratulations and hope that they may have a long and successful practice.

A former colleague sends us the following, soliciting the next Bunkers' Club tournament for Denver. The fame of the Club has already spread to the very outposts of civilization and we reserve a decision in the matter until we have the opportunity to consider all of our similar invitations in an impartial manner.

Your article on the Bunkers Club Tournament, contained in the November Journal, has been read with great interest.

On behalf of your Denver client, I hasten to extend a hearty invitation for the 1922 Tournament to be held at the Lakewood Country Club of Denver.

I am sure you have many bids for this important event, and possibly from the larger cities of the effete East, but we urge you to consider the merits of our course. Its hazards consist of bunkers both natural and otherwise, irrigation ditches galore, streams, lakes, and, last but not least, a rough "in the rough," so to speak. This rough is our pride, and its chief component part is alfalfa of average knee height. The Denver professionals are expecting to invent a new club, combining the ordinary functions of a mower and a niblick, for use in the alfalfa. We feel sure of its perfection during 1922.

Beside all the above merits, the jaunt from Philadelphia to Denver, especially by motor, would steady the nerve of the most nervous of your members.

I bespeak your earnest consideration of our city, and if there is anything further I can do to bring your tournament here, please command me.

Very sincerely yours,
WALTER BEANS.

PITTSBURGH

The Pittsburgh Office can now boast of having a member of the firm in direct charge, Mr. Keast having been admitted to membership in the firm as of January 1, 1922.

We were interested to learn from the Boston Office notes appearing in the December issue, that Mr. Keast so ably assisted the Boston staff in slashing the payroll of a certain government department!

Mr. R. H. Mohler has received the C.P.A. degree from the State of Pennsylvania.

Periodical meetings of the staff are being arranged, the first of which will be held January 20, when Mr. Keast will discuss the Revenue Act of 1921.

A largely attended meeting of the Pittsburgh Chapter of the National Association of Cost Accountants was held December 28, 1921. Papers upon "Sundry Phases of Machine Shop Accounting," were read by M. C. Conick, C.P.A., G. H. Friesel, auditor, United Engineering & Foundry Company, William A. Thomas, Cost Accountant, Aluminum Company of America and August Hiller, formerly a member of the Pittsburgh staff.

The Pittsburgh Office was represented by Messrs. Mohler and Marsh.

It is rumored that Sharpe is taking a course in voice culture. Now we can understand why the Superintendent of the Union Bank Building thought we had sub-let our offices to a debating society.

SEATTLE

A MAN named Staub

* * *

HE writes to us

* * *

REGARDING news

* * *

FOR us to send

* * *

TO New York town

* * *

TO put in a book

* * *

WHICH we all read

* * *

AND it tells us

* * *

ABOUT each other

* * *

BUT this sad time

* * *

WE have no news

* * *

TO contribute

* * *

SO now we just

* * *

WISH each and all

* * *

WHO read this book

* * *

A GLAD New Year

* * *

SOMETIME, someday

* * *

WE'LL have big news

* * *

FOR you to read

* * *

BUT meantime

* * *

THIS is all we know

* * *

WE THANK YOU.

WASHINGTON

Washington is attractive in its physical aspects and interesting in its

activities at all times. It seemed especially so on the occasion of her last visit, we are told by Mrs. Lybrand, who, with her sisters Mrs. Cavanaugh and Miss Montgomery, recently spent a most enjoyable two weeks there.

The weather was fine and through the courtesy of Mrs. Haynes, the wife of our Washington manager, who placed her car and herself at their disposal, the visits to the many places of interest in and out of the city were made in a most comfortable manner, especially the pleasant ride to the Soldiers' Home where General Tasker H. Bliss is in charge and where the four ladies had tea with Mrs. Bliss, who showed them two portraits of the General painted in his Peace Conference surroundings.

The private view at the Corcoran Art Gallery, preceding the public opening of the Winter Exhibition, was one of the events well worth attending. A happy culmination of the visit was the receipt by Mrs. Lybrand, of a card from the first Lady of the Land, inviting her to call at the White House.

When a short time before Christmas the editor received the following letter from Mr. Haynes, he received momentarily a severe jolt, and upon reading the first sentence of the letter he wondered whether it had been sent him by Citizen Lenin or Comrade Trotzky:

We "hung" six of the partners last night, and now we would like to complete the job. All joking aside, however, we would like very much to have your photograph as the "gallery" is quite incomplete without same. Can't we have this as a pre-Christmas gift?

This is the first time the editor's photograph has ever been requested for hanging in public and his modest nature naturally shrinks from such publicity. Also, he has an aversion to hanging under any and all conditions. However, he presumes that

Mr. Haynes' persuasive manner will induce him to submit to even such an otherwise trying experience as "hanging" in the Washington office.

The note regarding the visit of Mrs. Lybrand and her sisters to Washington reminded the editor that he, too, was much indebted to Mr. and Mrs. Haynes, particularly the latter, for many courtesies enjoyed by both himself and members of his family on the occasion of visits to the capital city.

The use of the Haynes car gives a comfort to visits to Washington which one would not otherwise have, and this is especially the case when the visitors are ladies.

INVENTORY OF A MUSIC PUBLISHER

It is understood that a large music publishing house takes its inventory with a foot rule. As compared with the difficulty of taking an actual count of large quantities of sheet music, this method is simplicity itself.

In valuing the inventory, an amount per foot is adopted, which is applied irrespective of whether the publication is in sheet form or bound. However, an allowance is made where the binding is an expensive one.

Where an auditor has to verify such an inventory, it is suggested that a number of publications issued during the latter part of the fiscal period be taken as a standard. The cost of issuing an edition should be obtained, either from cost accounts, if any, or by an estimate of cost of plate engraving, paper, printing, etc. It is a simple matter to determine how many copies are included in a pile an inch thick, and allocating the cost of the edition per inch. The costs of a number of publications obtained in this manner should be compared with the rate used to determine its reasonableness.

There are a number of other factors

to consider, however, such as whether the author receives a royalty on the sales, or is paid outright for his work; also, whether the inventory includes unusual quantities of slow-moving or unsalable stock. Where a publisher's output is devoted to the so-called popular or "jazz" music, it would seem conservative to take all publications over a year old as waste paper. Should the efforts of the publisher be devoted to issuing classical music, the sales may or will be considerably less in one year, but the demand for such publications may extend for an indefinite period.

F. WORFOLK.
(New York Office)

BOOK REVIEW

Walton and Finney's *Mathematics of Accounting and Finance* is so well written that even those not mathematically inclined will find much interesting material in it. Its illustrative problems are drawn from those that confront the business man and the accountant. The computation and use of averages is well illustrated by the solution of several typical problems, a careful study of which will aid the accountant in avoiding errors common to these problems. Examples are given of the computation of percentages "to determine causes of variation in profits."

In addition compound interest, bond premiums and discounts are discussed and several problems are solved. Elaborate tables to aid in the solution of this class of problems are found in the appendix. Examples are also given showing how to determine the price a bond should bring when its interest and income rates are known. The few minor errors that appear do not detract from the fact that this book should prove a valuable addition to the working library of the accountant.

H. M. SPANDAU.
(New York Office)

WHAT THINGS COST

Quotations are cash prices in primary markets.

The following quotations which appeared in the *New York Tribune* of January 1, 1922, give an interesting and helpful comparison of the range of prices of basic commodities from the pre-war period to the end of 1921, *i.e.*, to the present day:

	1913 Range				1920 Range				1921 Range			
	High	Low	High	Low	High	Low	High	Low	High	Low	High	Dec. 31
FOODS—												
Wheat (No. 2 hard) bu.	\$1.16	\$0.95 ^{1/4}	\$3.50	\$1.79	\$1.46 ^{1/2}	\$1.08 ^{1/2}	\$1.22 ^{1/4}	\$1.22 ^{1/4}	\$1.08 ^{1/2}	\$1.14 ^{1/2}	\$1.22 ^{1/4}	\$1.22 ^{1/4}
Corn (No. 2 yellow) bu. ....	.85 ^{1/2}	.56	2.3 ^{3/4}	.94 ^{1/2}	.95 ^{5/8}	.61 ^{1/4}	.66	.66	.60 ^{3/4}	.44	.48 ^{1/2}	.48 ^{1/2}
Oats (No. 2 white) bu. ....	.50	.37	1.50 ^{1/2}	.60	.60 ^{3/4}	.44	.44	.44	.50	.75	7.00	7.00
Flour (spring pat.) bbl.	4.90	4.30	16.25	9.00	10.50	7.50	7.50	7.50	10.50	14.00	15.50	15.50
Beef (family) bbl.	7.35	5.30	28.00	20.00	29.00	14.00	14.00	14.00	29.00	32.50	24.00	25.25
Pork (meat) bbl.	20.50	17.75	47.00	29.50	32.50	24.00	24.00	24.00	47.00	52.00	40.00	45.00
Sugar (granulated) lb. ....	.0495	.0413	.23	.08	.08 ^{1/4}	.052	.048	.048	.06 ^{1/2}	.09 ^{5/8}	.09 ^{5/8}	.09 ^{5/8}
Coffee (No. 7 Rio) lb. ....	.13 ^{7/8}	.08 ^{7/8}	.13 ^{3/4}	.06 ^{1/2}	.09	.05 ^{5/8}	.048	.048	.06 ^{1/2}	.09 ^{5/8}	.09 ^{5/8}	.09 ^{5/8}
Butter (creamery, first) lb. ....	.38	.26 ^{1/4}	.77	.51 ^{1/2}	.57	.29	.29	.29	.77	.89	.38 ^{1/2}	.38 ^{1/2}
Eggs (fresh, first) doz. ....	.60	.18	.89	.42 ^{1/2}	.79	.23 ^{1/2}	.23 ^{1/2}	.23 ^{1/2}	.89	.90	.45 ^{1/2}	.45 ^{1/2}
TEXTILES—												
Cotton (middling upland) lb. ....	.1450	.0413	.43 ^{3/4}	.14 ^{1/2}	.2155	.1085	.1945	.1945	.14 ^{1/2}	.09 ^{1/2}	.09	.09
Print cloth (38-in. 34x60) ....	.05 ^{1/2}	.04 ^{5/8}	.26	.07 ^{1/2}	.09 ^{1/2}	.06 ^{1/2}	.09	.09	.26	.50	.785	.785
Silk (raw, No. 1 Sin) lb. ....	.420	3.45	17.45	5.00	7.85	5.50	5.50	5.50	17.45	.92 ^{1/2}	.80	.90
Wool (fine Montana scoured) lb. ....	.60	.47	2.00	.80	.92 ^{1/2}	.80	.80	.80	.47	.50	.50	.50
METALS—												
Steel billets (Pittsburgh) ton.	28.50	20.00	65.00	43.00	43.50	29.00	29.00	29.00	65.00	33.25	19.75	20.34
Iron (No. 2 fdry., Phila.) ton.	18.50	15.00	53.50	33.00	33.00	13.25	13.25	13.25	53.50	19.75	13.25	13.25
Lead (spot) lb. ....	.04 ^{3/4}	.04	.09 ^{1/2}	.04 ^{1/2}	.05 ^{1/4}	.04	.04	.04	.09 ^{1/2}	.13 ^{1/2}	.11 ^{3/4}	.14
Copper (spot) lb. ....	.17 ^{3/4}	.14 ^{1/2}	.19 ^{1/2}	.12 ^{1/2}	.12 ^{1/2}	.04	.04	.04	.19 ^{1/2}	.39 ^{1/2}	.26 ^{1/4}	.33 ^{1/2}
Tin (Straits) lb. ....	.51	.36 ^{7/8}	.65 ^{1/4}	.32	.32	.22	.22	.22	.65 ^{1/4}	.39 ^{1/2}	.26 ^{1/4}	.33 ^{1/2}
RUBBER, HIDES, ETC.—												
Rubber (rib-smoked sheets) lb.	1.10	.76	.54 ^{1/2}	.15 ^{1/2}	.22	.11	.21	.21	.54 ^{1/2}	.22	.11	.21
Hides (calfskins, city) 9 to 12 lbs	2.70	2.50	10.50	2.10	2.75	2.05	2.60	2.60	10.50	13.05	12.75	13.05
Coal (furnace) ton.	5.65	6.00	15.75	14.50	14.50	5.00	5.75	5.75	15.75	13.00	4.00	4.00
Crude oil (Penn.) bbl.	2.50	2.05	6.10	5.00	5.00	5.75	3.00	3.00	6.10	5.75	4.00	4.00

